



Fund

## **Fund Council**

**8<sup>th</sup> Meeting (FC8)—Punta del Este, Uruguay**

**October 31 - November 1, 2012**

**Message from the Fund Council Working Group  
(FCWG) on IITA Investment Situation**

(Working Document - For Discussion Only)

*Document presented for Agenda Item 2:  
Update of IITA and Governance in CGIAR*

*Submitted by:  
FCWG on IITA  
Investment Situation*

## **Message from Fund Council Working Group on IITA investment situation – 10/16/2012**

Following the extraordinary meeting of the Fund Council held on August 30, 2012 to address the failed IITA investment in 2008-2009, an ad hoc working group of Fund Council members was formed to gather the facts, review the evidence, and help inform the response of the Fund Council in a timely manner. The working group consists of representatives from the Bill and Melinda Gates Foundation, Canada, Switzerland, the United Kingdom, the United States, and the World Bank.

The working group, together with the Fund Office, has commissioned an independent investigation to identify the origins of the lost funds, assess the decision-making process that led to the failed investment and determine IITA's current financial status.

On October 3, 2012, the Fund Council also received a response from the Consortium to its requests for further information on the IITA investment situation and the measures taken as a result.

Based on the information received at this point, the working group collectively considers it appropriate to resume funding to CGIAR centers other than the IITA through the CGIAR Fund. It makes this recommendation to the Fund Office based on the following considerations:

- a) There is no evidence that the circumstances that led to the loss of funds at IITA are replicated in other centers.
- b) The Consortium has provided rapid and comprehensive responses to the requests made by the Fund Council for additional information. This demonstrates a commitment to act transparently and to make the changes needed to carry out its fiduciary responsibilities with regards to the CGIAR Fund, including through governance and financial policy reviews.
- c) The risk that there are other examples of the imprudent investments across the system has been balanced against the risk of compromising the CGIAR research more widely, if Window 1 and 2 funding is withheld for an extended period; and
- d) Further analysis, conducted in collaboration with the Consortium will be required in order to ensure that appropriate actions are undertaken to improve accountability, policies, and financial management, including in relation to investment policies and portfolios. The working group is considering the need and scope for an independent governance review to learn lessons from the circumstances that led to the IITA investment and to improve the effectiveness of governance and management across the CGIAR. The working group recommends that a group representing the Fund Council oversees such a review.

The working group further recommends that the discussion on the IITA situation scheduled at the upcoming Fund Council on October 31 include a discussion of the Consortium's governance review in order to solicit the views of Fund Council members, to endorse the actions taken by the working group, and to identify a mechanism for follow-up by the Fund Council moving forward.